

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

Investigation by the Department of Telecommunications and Energy on its own Motion into the Appropriate Pricing, based upon Total Element Long-Run Incremental Costs, for Unbundled Network Elements and Combinations of Unbundled Network Elements, and the Appropriate Avoided Cost Discount for Verizon New England, Inc. d/b/a Verizon Massachusetts' Resale Services in the Commonwealth of Massachusetts

D.T.E. 01-20

**MOTION OF AT&T COMMUNICATIONS OF NEW ENGLAND, INC.
FOR PROTECTIVE TREATMENT OF CONFIDENTIAL INFORMATION**

AT&T Communications of New England, Inc. ("AT&T") requests that the Department of Telecommunications and Energy (the "Department") grant protection from public disclosure of certain confidential, competitively sensitive and proprietary information submitted in this proceeding in accordance with G.L. c. 25, § 5D. Specifically, AT&T requests that the attachments to AT&T's responses to RR-DTE-46, RR-VZ-2 (original and supplemental), and RR-VZ-3 be granted protective treatment because they contain competitively sensitive and highly proprietary information and trade secrets.

These materials have already been provided to the Department, Verizon and those parties which have signed a protective agreement with AT&T in this docket. If these materials are placed in the public record, however, AT&T's competitors would be able to use them to gain an unfair competitive advantage.

I. LEGAL STANDARD.

Confidential information may be protected from public disclosure in accordance with G.L. c. 25, § 5D, which states in part that:

The [D]epartment may protect from public disclosure trade secrets, confidential, competitively sensitive or other proprietary information provided in the course of proceedings conducted pursuant to this chapter. There shall be a presumption that the information for which such protection is sought is public information and the burden shall be on the proponent of such protection to prove the need for such protection. Where the need has been found to exist, the [D]epartment shall protect only so much of the information as is necessary to meet such need.

The Department has recognized that competitively sensitive information is entitled to protective status. *See, e.g., Hearing Officer's Ruling On the Motion of CMRS Providers for Protective Treatment and Requests for Non-Disclosure Agreement*, D.P.U. 95-59B, at 7-8 (1997) (the Department recognized that competitively sensitive and proprietary information should be protected and that such protection is desirable as a matter of public policy in a competitive market). In determining whether certain information qualifies as a "trade secret,"¹

Massachusetts courts have considered the following:

- (1) the extent to which the information is known outside of the business;
- (2) the extent to which it is known by employees and others involved in the business;

¹ Under Massachusetts law, a trade secret is "anything tangible or electronically kept or stored which constitutes, represents, evidences or records a secret scientific, technical, merchandising, production or management information design, process, procedure, formula, invention or improvement." Mass. General Laws c. 266, § 30(4); *see also* Mass. General Laws c. 4, § 7. The Massachusetts Supreme Judicial Court, quoting from the Restatement of Torts, § 757, has further stated that "[a] trade secret may consist of any formula, pattern, device or compilation of information which is used in one's business, and which gives him an opportunity to obtain an advantage over competitors.... It may be a formula treating or preserving material, a pattern for a machine or other device, or a list of customers." *J.T. Healy and Son, Inc. v. James Murphy and Son, Inc.*, 260 N.E.2d 723, 729 (1970). Massachusetts courts have frequently indicated that "a trade secret need not be a patentable invention." *Jet Spray Cooler, Inc. v. Crampton*, 385 N.E.2d 1349, 1355 (1979).

- (3) the extent of measures taken by the employer to guard the secrecy of the information;
- (4) the value of the information to the employer and its competitors;
- (5) the amount of effort or money expended by the employer in developing the information; and
- (6) the ease or difficulty with which the information could be properly acquired or duplicated by others.

Jet Spray Cooler, Inc. v. Crampton, 282 N.E.2d 921, 925 (1972).

The protection afforded to trade secrets is widely recognized under both federal and state law. In *Board of Trade of Chicago v. Christie Grain & Stock Co.*, 198 U.S. 236, 250 (1905), the U.S. Supreme Court stated that the board has “the right to keep the work which it had done, or paid for doing, to itself.” Similarly, courts in other jurisdictions have found that “[a] trade secret which is used in one’s business, and which gives one an opportunity to obtain an advantage over competitors who do not know or use it, is private property which could be rendered valueless ... to its owner if disclosure of the information to the public and to one’s competitors were compelled.” *Mountain States Telephone and Telegraph Company v. Department of Public Service Regulation*, 634 P.2d 181, 184 (1981).

II. ARGUMENT.

A. Attachments to RR-DTE-46 and RR-VZ-2 (Original and Supplemental).

In response to RR-DTE-46, AT&T provided discovery responses in a Pennsylvania proceeding (BA-ATT 1-46S and 1-46SS) and copies of invoices detailing specifications and vendor pricing for backup generators purchased by AT&T. These Pennsylvania discovery responses and invoices are highly proprietary because they contain the prices paid by AT&T to vendors for the material and installation of backup generators. Likewise, AT&T’s attachments

to its original and supplemental responses to RR-VZ-2 contain proprietary pricing information. The attachment to the original response to RR-VZ-2 is an order from AT&T to a vendor for material placed in an AT&T power plant in Pennsylvania and contains the price of that material. The attachment to the supplemental response to RR-VZ-2 is the Lucent Firm Price Quote for the material referenced in the order attached to the original response to RR-VZ-2.

The attachments to RR-DTE-46 and RR-VZ-2 contain pricing information of the kind that the Department has previously recognized is proprietary and should not be made available on the public record. *See, e.g., Colonial Gas Company*, D.P.U. 96-18 at 4 (1996). Indeed, in the present docket, Verizon has already sought protection of similar pricing information. *See* Verizon's Motion for Confidential Treatment filed August 8, 2001, at 9 (requesting proprietary treatment of switch contracts). According to Verizon, "[t]he public disclosure of information, such as terms and pricing, contained within the agreement between Verizon MA and the third party vendor would compromise the integrity of the agreement. Verizon MA regularly seeks to prevent dissemination of this information in the ordinary course of its business. Also, disclosure of such information would place both Verizon MA and its vendor at a competitive disadvantage." *Id.* These arguments are equally applicable here.

Moreover, the pricing information contained in the attachments to AT&T's responses to RR-DTE-46 and RR-VZ-2 is not publicly available, is not shared with non-AT&T employees for their personal use and is not considered public information. Any dissemination of this information to non-AT&T employees, such as contract consultants, is done so on a proprietary basis. Even AT&T employees who review these materials are subject to non-disclosure agreements and are allowed to use them for internal business reasons only. Furthermore, this pricing information is valuable commercial information that competitors could unfairly use to

their own advantage. Thus, these materials should be granted proprietary treatment and should not be placed on the public record.

B. Attachments to RR-VZ-3.

The two pages attached to RR-VZ-3 originally were provided by AT&T as part of the attachment to VZ-ATT/WC 1-90. The attachment to VZ-ATT/WC 1-90 provides detailed specifications and vendor pricing information relating to a Pennsylvania power installation. On October 16, 2001, AT&T filed a motion for protective treatment of the attachment to VZ-ATT/WC 1-90. AT&T relies on that motion to demonstrate that the information attached to RR-VZ-3 must be protected from public disclosure.

Conclusion.

For these reasons, AT&T requests in accordance with G.L. c. 25, § 5D, that the Department grant protective treatment to the attachments to RR-DTE-46, RR-VZ-2 (original and supplemental), and RR-VZ-3.

Respectfully submitted,

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April 22, 2002